Enel Green Power

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Press Release

ENEL GREEN POWER: BOARD OF DIRECTORS APPROVES RESULTS FOR THE FIRST HALF OF 2010

- *Revenues: 1,039 million euros (940 million in H1 2009, +10.5%)*
- *EBITDA: 651 million euros (651 million in H1 2009, stable)*
- *EBIT: 415 million euros (450 million in H1 2009, -7.8%)*
- *Group net income: 253 million euros (223 million in H1 2009, +13.4%)*
- *Net financial debt: 2,995 million euros (5,345 million at December 31st 2009, -44.0%)*

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Rome, July 29th 2010 – The Board of Directors of Enel Green Power SpA ("Enel Green Power"), chaired by Francesco Starace, today examined and approved the half-year financial report at June 30th 2010.

Consolidated financial highlights (millions of euros):

	First half 2010	First half 2009	Change
Revenues	1,039	940	+10.5%
EBITDA	651	651	--
EBIT	415	450	-7.8%
Group net income	253	223	+13.4%
Net financial debt	2,995	5,345(*)	-44.0%

(*) *At December 31st 2009*

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The net financial debt at June 30th, 2010 does not include the debt associated with the assets and liabilities related to renewable energy operations in Bulgaria, for which the disposal process is underway.
Following the completion of Enel Green Power's acquisition of 60% of Endesa Cogeneracion y Renovables ("ECyR") from Endesa Generacion on March 22nd 2010, Enel Green Power acquired control of ECyR (subsequently renamed Enel Green Power España), which as from that date has therefore been consolidated on a full line-by-line basis. In relation to the main effects of the acquisition on the consolidated balance-sheet figures of Enel Green Power, the EBITDA of ECyR (equal to 27 million euros) reported in the half-year financial report at June 30th 2010 represent 4.1% of the EBITDA of the Enel Green Power Group as of the same date (equal to 651 million euros). In addition, on March 17th 2010 Enel recapitalised Enel Green Power for 3,700 million euros by waiving part of a financial receivable in respect of the latter.

This press release uses a number of "alternative performance indicators" not envisaged in the IFRS-EU accounting standards (Total revenues, EBITDA, net financial debt, net capital employed, net assets held for sale). In accordance with recommendation CESR/05-178b published on November 3rd 2005, the criteria used to calculate these indicators are detailed at the end of the release.

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OPERATIONAL HIGHLIGHTS

Net installed capacity

Net installed capacity of Enel Green Power Group ("the Group") at June 30th 2010 was 5,761 MW, including 2,534 MW (44%) hydroelectric, 2,355 MW (41%) wind, 742 MW (13%) geothermal and 130 MW (2%) of other renewables (solar, biomass and co-generation).
In Italy and Europe, installed capacity was 2,897 MW (50%), while that in Iberia and Latin America was 2,076 MW (36%) and that in North America was 788 MW (14%).
Compared with June 30th 2009, installed capacity expanded by 1,217 MW (+27%), of which 904 MW was from the consolidation of the plants held by Endesa Generacion y Renovables (ECyR) and 313 MW was from organic growth. In Italy and Europe capacity expanded by 209 MW, while in Iberia and Latin America it grew by 1,008 MW.

Power generation

Net electricity generated by the Enel Green Power in the first half of 2010 was 10.8 TWh, of which 6.6 TWh was in the Italy and Europe area, 2.8 TWh in the Iberia and Latin America area, and 1.4 TWh in North America. The average load factor (the ratio between net annual production and potential annual production at full capacity – a total of 8,760 hours – at nominal MW) was 47%.
Output increased by 0.9 TWh (+9%) compared with the first half of 2009, of which 0.2 TWh came from Italy and Europe, 0.6 TWh from Iberia and Latin America and 0.1 TWh from North America.
Excluding the impact of the consolidation of ECyR, net electricity generation rose 10.3 TWh, up 0.4 TWh (+4%) from the first half of 2009. The increase was attributable to the rise in installed capacity and the improvement in the availability of wind plants in North America, which more than offset the decline in Italian hydroelectric generation as a result of the return of water availability to its historic average levels.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

Revenues in the first half of 2010 were 1,039 million euros, an increase of 99 million euros or 10.5% compared with the first half of 2009. The impact of the consolidation of ECyR on revenues was 53 million euros. Net of that effect, the increase was 46 million euros (+4.9%).

EBITDA was 651 million euros, in line with the first half of 2009. The effect of the consolidation of ECyR on EBITDA was 27 million euros. Excluding that impact, EBITDA declined 27 million euros (-4.1%) from the first half of 2009.

Italy and Europe posted EBITDA of 469 million euros, down 19 million euros (-3.9%) compared with the first half of 2009, mainly due to the fall in prices on the Italian market, partially offset by greater output in the other countries in the area.
EBITDA in the Iberia and Latin America area was 132 million euros, up 7 million (+5.6%) from the corresponding period in 2009. Net of the effects of the consolidation of ECyR, EBITDA fell 20 million euros (-16.0%) owing to lower output from the hydroelectric plant in Panama as a result of the El Niño effect, and the fall in prices on the Spanish market.
The North America area posted EBITDA of 49 million euros, up 1 million euros (+2.1%) on the first half of 2009 thanks to greater output made possible by the increased availability of plants. This more than offset the rise in costs generated by the acquisition on January 21st 2010 of Padoma Wind Power, a company specialising in the development of wind plants, and by the consolidation of the operating structure.
EBITDA at the Enel.si business unit was 1 million euros, an improvement of 11 million euros compared with the first half of 2009, thanks to the rise in the volume of sales of photovoltaic panels.

EBIT was 415 million euros, down 35 million euros (-7.8%) from the first half of 2009 as a result of greater amortisation, mainly due to the change in the scope of consolidation.

Group net income was 253 million euros, an increase of 30 million euros (+13.4%) compared with the corresponding period of the previous year. In addition to the above-mentioned factors, the rise was the result of a decrease in financial expenses following the capitalisation of 3,700 million euros of debt carried out by Enel SpA on March 17th 2010 and lower taxes in Italy as a result of the benefits generated by the tax relief measures envisaged under Decree Law 78/2009 (the Tremonti Ter Decree).

The **consolidated balance sheet** at June 30th 2010 showed net capital employed of 10,219 million euros (7,909 million euros at December 31st 2009) inclusive of 22 million euros in net assets held for sale (0 million euros at December 31st 2009). It was financed by total shareholders' equity of 7,224 million euros (2,564 million euros at December 31st 2009) and net financial debt of 2,995 million euros (5,345 million euros at December 31st 2009) not including the debt (48 million euros) related to assets held for sale. In particular, the reduction in net financial debt was attributable to the recapitalisation effected by parent company Enel SpA. These effects were partially offset by the acquisitions and investments executed during the period. At June 30th 2010, the **debt/equity** ratio was 0.4, compared with 2.1 at the end of 2009.

Capital expenditure in the first half of 2010 was 339 million euros, an increase of 59 million euros compared with the first half of 2009.

Group **employees** at June 30th 2010 numbered 2,907 (2,685 at December 31st 2009), an increase of 222. The net change was attributable to the effect of consolidating ECyR (adding 137 employees) and the net balance of new hires and terminations (an increase of 85 employees).

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RECENT KEY EVENTS

On January 4th 2010, Enel Green Power, Sharp Corporation ("Sharp") and STMicroelectronics N.V. ("STM") signed an agreement to build a photovoltaic manufacturing plant in Italy. The factory will be built in Catania and will manufacture triple-junction thin-film photovoltaic panels. The factory will have an initial production capacity for photovoltaic panels of 160 MW per year, which can be increased to 480 MW over the next few years. Photovoltaic panel manufacturing is expected to start in early 2011. In addition, Enel Green Power and Sharp are experimenting with solar concentration technology at the research centre in Catania. In implementation of the agreement, on July 1st 2010, Enel Green Power and Sharp established IPP NEWCO Solar Srl, an equally-held joint venture whose mission is to develop photovoltaic fields with a total installed capacity of about 500 MW by 2016 in the Mediterranean area, using the panels manufactured at the Catania facility.

On January 13th Enel Green Power acquired a majority stake in Maicor Wind Srl and Enerlive Srl from McKelcey Funds. The two companies have four wind projects in the province of Catanzaro in the pipeline, with an overall capacity of 64 MW.

On January 21st Enel Green Power, acting through its subsidiary Enel North America, acquired 100% of the capital of Padoma Wind Power from NRG Energy. Padoma Wind Power is developing about 4,000 MW of potential projects in California that, once built, will help the state meet its Renewable Portfolio Standard target of 33% of retail sales from renewable energy resources by 2020.
Enel North America will retain the entire development team and the current project pipeline that Padoma Wind Power has in California and Texas. NRG will retain ownership of its three wind plants in Texas (Sherbino, Elbow Creek and Langford, with a total installed capacity of 350 MW).

On January 26th Enel Green Power and the Marcegaglia Group signed an agreement for the installation of a photovoltaic system with a capacity of more than 4 MW on the roof-tops of the industrial facilities of the Marcegaglia Group in Taranto, fully integrating the system into the existing architecture. Equipped with innovative flexible thin-film amorphous silicon photovoltaic modules, the system is scheduled to start operating this year. Once fully operational, the system – owned 51% by Enel Green Power and 49% by the Marcegaglia Group – will be able to produce over 5 million kilowatt hours annually.

On February 9th the Government of Panama revoked Cabinet Resolution no. 101 (Article 1) of August 23rd 2009, which had established the so-called "Water Tax" (a fee for water use). This tax increased the fee to at least 20 US dollars/MWh instead of a flat annual fee of minor amount.

On February 17th Enel Green Power acquired from Italgest Energia SpA the entire capital of Italgest Wind Srl (subsequently renamed Enel Green Power Puglia Srl), owner of four wind project in Apulia, for a total of 184.1 MW, of which 22 MW already authorised. The consideration for the acquisition of the entire capital of the company was equal to 6 million euros, plus likely additional bonuses relating to progress in permitting and development of the projects, for the remaining 162 MW.

On March 17th Enel SpA recapitalised Enel Green Power for 3.7 billion euros through the waiver of part of a financial receivable held by Enel in respect of the latter. On June 10th 2010 Enel Green Power SpA increased its share capital from 600 million euros to 1 billion euros and raised the number of shares from 1.2 billion to 5.0 billion in order to optimise the ratio between share capital and shareholders' equity. The capital increase was carried out by transferring part of the available equity reserve to share capital.

On March 22nd Enel Green Power, acting through the subsidiary Enel Green Power International BV, acquired the 60% of ECyR held by Endesa Generación SA. The acquisition was carried out in the following stages: (i) the acquisition by Enel Green Power International BV of 30% of ECyR from Endesa Generación SA for about 326 million euros; (ii) a capital increase at ECyR reserved for Enel Green Power International BV, subscribed for through the transfer of Enel Green Power's 50% holding in EUFER and a cash payment of about 534 million euros. The acquisition of the 30% stake and the subsequent subscription of the ECyR capital increase was carried out at market value, as valued by a number of independent investment banks.

On June 18th Enel Green Power submitted an application to Borsa Italiana requesting admission of its shares for trading on the electronic stock market and formally asked Consob to authorise the publication of the prospectus for the public offering and the listing of its shares.

On July 1st Enel Green Power Hellas acquired a set of renewable plants in Greece, comprising both operational plants (8.80 MW – 2.80 MW mini-hydro and 6 MW wind) and plants under construction (6.35 MW mini-hydro) from Endesa Hellas Power Generation for a total of 20 million euros.

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OUTLOOK

2010 is a key year for Enel Green Power to consolidate its position in the global renewable energy industry.
The company will primarily focus its investment programmes on the wind and solar sectors and will continue to pursue existing plans for organic growth in the hydroelectric and geothermal segments, extracting the benefits produced by economies of scale, mainly in procurement.
Regarding geographical diversification, the company will direct its attention to rationalising its current international portfolio, focusing on its core markets, such as Italy, the United States, Spain, Greece and Romania, while continuing to assess any new opportunities in countries with favourable regulatory environments as well as potential disposals in non-strategic countries.
The company will complete the integration of the newly acquired Spanish company ECyR, seeking to leverage synergies with its assets in the Iberian peninsula. On the organisational front, work will continue on the integration of the new businesses acquired in the United States and Italy.
Enel Green Power will also start construction of a factory for the manufacture of photovoltaic panels in a joint venture with Sharp and STM and the assets relating to the launch of the joint venture for the development of photovoltaic plants.
Further efforts will be devoted to consolidating the company's leadership in Italy in the sale of photovoltaic panels and energy efficiency projects through the franchise network of Enel.si.

The company will keep its commitment in R&D as well as on the development of innovative technologies, focusing full attention on environmental and safety issues.

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Attached below are the income statement, the statement of comprehensive income, the balance sheet and the cash flow statement for the Enel Green Power Group. These tables and the related notes have been delivered to the external auditors for their evaluation. A descriptive summary of the alternative performance indicators is also attached.

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ALTERNATIVE PERFORMANCE INDICATORS

The following section describes a number of alternative performance indicators, not envisaged under the IFRS-EU accounting standards, which are used in this press release in order to facilitate the assessment of the Group's performance and financial position.

Total revenues including the effect of commodity risk management: calculated as the sum of "Revenues" and "Net income/(charges) from commodity risk management".

EBITDA: an indicator of Enel Green Power's operating performance, calculated as "Operating income" plus "Depreciation, amortisation and impairment losses".

Net financial debt: an indicator of Enel Green Power's financial structure, determined from "Long-term loans", the current portion of such loans, "Short-term loans" and certain other items including "Current financial liabilities", net of "Cash and cash equivalents" and "Current financial assets" and "Non-current assets" not included in the preceding definition.

Net capital employed: calculated as the sum of "Non-current assets", "Current assets" and "Assets held for sale", net of "Non-current liabilities", "Current liabilities" and "Liabilities held for sale", excluding the items considered in the definition of net financial debt.

Net assets held for sale: calculated as the algebraic sum of "Assets held for sale" and "Liabilities held for sale".

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Consolidated Income Statement

Millions of euro	1st Half	
	2010	**2009 (unaudited)**
Revenues		
Revenues from sales and services	956	868
Other revenues	20	25
	976	**893**
Costs		
Raw materials and consumables	122	57
Services	156	143
Personnel	89	77
Depreciation, amortization and impairment losses	236	201
Other operating expenses	30	24
Capitalized costs	(9)	(12)
	624	**490**
Net income/(charges) from commodity risk management	**63**	**47**
Operating income	**415**	**450**
Net Financial income/(Expense)	(51)	(80)
Financial income	20	11
Financial expense	(71)	(91)
Share of income/(expense) from equity investments accounted for using the equity method	3	2
Income before taxes	**367**	**372**
Income taxes	104	133
Net income for the period (shareholders of the Parent Company and minority interests)	**263**	**239**
Attributable to shareholders of the Parent Company	253	223
Attributable to minority interests	10	16
Earnings per share (euro) and Diluted earnings per share (euro)	*0.08*	*0.07*

Statement of comprehensive income

Millions of euro	1st Half **2010**
- Effective portion of change in the fair value of cash flow hedges	(59)
- Exchange rate differences	286
Net Income (loss) recognized in equity	**227**
Net income for the period	263
Comprehensive income for the period	**490**
Attributable to:	
- shareholders of the Parent Company	461
- minority interests	29

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Consolidated balance sheet

Millions of euro

ASSETS	at June 30, 2010	at December 31, 2009
Non-current assets		
Property, plant and equipment	8,465	7,200
Investment property	892	259
Intangible assets	960	532
Deferred tax assets	169	121
Equity investments accounted for using the equity method	417	261
Non-current financial assets	121	35
Other non-current assets	28	34
	11,052	**8,442**
Current assets		
Inventories	36	31
Trade receivables	456	512
Tax receivables	108	18
Current financial assets	355	228
Cash and cash equivalents	211	144
Other current assets	192	119
	1,358	**1,052**
Assets held for sale	70	0
TOTAL ASSETS	**12,480**	**9,494**

LIABILITIES AND SHAREHOLDERS' EQUITY	at June 30, 2010	at December 31, 2009
Equity attributable to the shareholders of the Parent Company		
Share capital	1,000	600
Other reserves	5,279	1,366
Net income for the period	253	418
	6,532	**2,384**
Equity attributable to minority interests	692	180
- minority interests profit	*10*	*21*
TOTAL SHAREHOLDERS' EQUITY	**7,224**	**2,564**
Non-current liabilities		
Long-term loans	1,331	1,131
Post-employment and other employee benefits	47	46
Provisions for risks and charges	105	68
Deferred tax liabilities	414	182
Non-current financial liabilities	54	22
Other non-current liabilities	74	63
	2,025	**1,512**
Current liabilities		
Short-term loans	2,153	4,413
Current portion of long-term loans	145	115
Current portion of Provisions for risks and charges	9	13
Trade payables	596	454
Income tax payable	128	207
Current financial liabilities	33	85
Other current liabilities	119	131
	3,183	**5,418**
Liabilities held for sale	48	0
TOTAL LIABILITIES	**5,256**	**6,930**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12,480**	**9,494**

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Consolidated Statement of Cash Flows

Millions of euro	1st Half **2010**	1st Half **2009 (unaudited)**
Income for the year (shareholders of the Parent Company and minority interests)	**263**	**239**
Adjustments for:		
Amortization and impairment losses	236	201
Provisions and employee leaving indemnity	4	6
Financial (income)/expense	(3)	(2)
Income taxes	51	82
(Gains)/Losses and other non-monetary items	104	133
Financial (income)/expense	55	(2)
Cash flow from operating activities before changes in net current assets	**710**	**657**
Increase/(Decrease) in provisions	(4)	(8)
(Increase)/Decrease in inventories	-	(9)
(Increase)/Decrease in trade receivables and in trade payables	66	(108)
(Increase)/Decrease in financial and non-financial assets/liabilities	(178)	(118)
Interest expense and other financial expense paid	(36)	(34)
Taxes paid	(297)	(61)
Cash flows from operating activities	**261**	**319**
Investments in property, plant and equipment	(336)	(278)
Investments in intangible assets	(3)	(2)
Investments in entities (or business units) less cash and cash equivalents acquired	(809)	(12)
(Increase)/Decrease in other investing activities	(94)	
Cash flows from investing/disinvesting activities	**(1,242)**	**(292)**
Financial debt (new long-term borrowing)	80	166
Financial debt (repayments and other changes)	957	(231)
Cash flows from financing activities	**1,037**	**(65)**
Impact of exchange rate fluctuations on cash and cash equivalents	**11**	**-**
Increase/(Decrease) in cash and cash equivalents	**67**	**(38)**
Cash and cash equivalents at beginning of the period	144	163
Cash and cash equivalents at the end of the period	**211**	**125**